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**BAUCUS CALLS FOR IMMEDIATE ACTION TO COMBAT TAX FRAUD AND ID THEFT,
PUSHES IRS TO STEP UP EFFORTS TO PROTECT TAXPAYERS**

Tax ID Theft Jumped More than 650 Percent from 2008 to 2012

WASHINGTON – At a Senate Finance Committee hearing today, Chairman Max Baucus (D-Mont.) said the IRS must take immediate action to combat tax fraud and identity theft, and called on the acting IRS commissioner to do more to help victims and protect taxpayers' information. Senator Baucus noted that tax ID theft has jumped by more than 650 percent since 2008, and more needs to be done to guard personal information, cut red tape and crack down on thieves who pose as tax return preparers.

"Identity theft is a serious problem that is growing at epidemic proportions — especially tax-related identity theft. Enough is enough. It is time to act." Senator Baucus said. **"We need tougher controls on access to private information, and it needs to be done efficiently without adding more paperwork to the process. We need to cut through the red tape and ensure we're catching fraudsters before they can steal a single dollar. And we need to crack down on tax return preparers who defraud innocent taxpayers. I am committed to protecting taxpayers in Montana and across America, and I'm hopeful we will be able to move forward with legislation to stop tax ID theft."**

The Treasury Inspector General for Tax Administration (TIGTA) recently reported that 1.4 million fraudulent returns went undetected in 2011, resulting in as much as \$5.2 billion paid out in refunds. TIGTA estimated that if tax identity theft were not addressed, it could cost the IRS \$21 billion in fraudulent refunds over the next five years. And according to the National Taxpayer Advocate it takes, on average, more than 180 days to close cases when taxpayers have been defrauded.

Senator Baucus raised several issues suspected of contributing to the growth of fraud and ID theft. He said taxpayers' Social Security numbers are too easily available to criminals and that red tape is preventing the IRS from properly verifying workers' tax forms before returns go out. He also said proper oversight by the IRS can help root out tax return preparers who are themselves identity thieves, and that Congress should consider taking steps to strengthen that protection.

Senator Baucus highlighted the story of one Montanan victim of identity theft, whose Social Security number was used to file a false tax return. The man discovered the theft when he tried to refinance his home mortgage, but the process was immediately halted. In his attempts to resolve the problem and restore his credit, the IRS was uncooperative. IRS employees twice told him that he had not been defrauded; the federal government had, and at least one IRS employee hung up on him during a phone conversation. Senator Baucus told acting IRS Commissioner Steven Miller, a witness at the hearing, that the IRS must remember that it serves taxpayers and be better prepared to assist when needed.

"I won't stand for a Montanan, or any American taxpayer, to be treated with that kind of disrespect by an agency that is supposed to serve them," Senator Baucus said. **"I certainly hope this was an isolated incident that does not reflect the type of service provided by the IRS. It's critical that the IRS is ready and equipped to handle cases like this one, because they are increasingly common."**

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